

Basis of Information Used for Calculations

In Statement of Operations Realized

Source of Capital	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total
Private	1,500,000	0	0	0	0	1,500,000
Federal	1,500,000	0	0	1,500,000	1,500,000	4,500,000
Total Available Capital	3,000,000	0	0	1,500,000	1,500,000	6,000,000
Number of loans	25	0	0	12	12	49
Number of Officers	3	3	3	3	3	
Number of employees	1	1	1	1	1	

Description on Note b

Dividend Income

Dividend Income is computed as follows:

Year 1:

No Dividend Income computed

Year 2:

25 new loans from year 1 assuming an average net income of \$ 5,000 for each business with a distributing rate of 50% and Community Brace having a 30% participation rate.

Year 3:

25 loans from year 1, assuming an average net income of \$ 10,000 for each business with a distributing rate of 50% and Community Brace having a 30% participation rate.

Year 4:

25 loans from year 1, assuming an average net income of \$10,000 for each business with a distributing rate of 50% and Community Brace having a 30% participation rate.

Year 5:

25 loans from year 1 plus 12 new loans from year 4, assuming an average net income of \$10,000 for each business with a distributing rate of 50% and Community Brace having a 30% participation rate.

Description on Note c

Income from Investments Reported on the Equity Method of Accounting

Investment Income is computed as follows:

Year 1:

25 loans from year 1 , assuming an average net income of \$ 5,000 for each business and Community Brace having a 30% participation rate.

Year 2:

25 loans from year 1, assuming an average net income of \$ 5,000 for each business with a distribution rate of 50% (50% of net income previously distributed as dividends) and Community Brace having a 30% participation rate.

Year 3:

25 loans from year 1 , assuming an average net income of \$10,000 for each business with a distribution rate of 50% (50% of net income previously distributed as dividends) and Community Brace having a 30% participation rate.

Year 4:

25 loans from year 1, assuming an average net income of \$10,000 for each business with a distribution rate of 50% (50% of net income previously distributed as dividends) and Community Brace having a 30% participation rate.

Year 5:

25 loans from year 1 plus 12 loans from year 4, assuming an average net income of \$10,000 for each business with a distribution rate of 50% (50% of net income previously distributed as dividends) and Community Brace having a 30% participation rate.

**Description on note I
Salaries & Benefits**

Positions:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Chairman of the Board:					
Salary -	0	0	0	0	0
President:					
Salary -	\$60,000	60,000	60,000	65,000	70,000
Vice President of Operations:					
Salary -	\$50,000	50,000	50,000	55,000	60,000
Administrative Secretary:					
Salary -	\$30,000	31,000	31,000	32,550	34,100

Benefits:

Benefits were computed at 12% of salaries. Benefits consists of employer's contributions for FICA, FUI, SUI and workers compensation.

JUGGERT AND WAYMAN

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

2845 MESA VERDE DRIVE EAST, SUITE 4

COSTA MESA, CALIFORNIA 92626

NORMAN G. JUGGERT
KENNETH L. WAYMAN

TELEPHONE
AREA CODE 714
546-3600

December 28, 1992

Community Brace, Inc.
5109 Crenshaw Boulevard
Los Angeles, CA. 90043

Attn: Cal E. Burton

Re: Revised Pro-Forma

Dear Cal:

Thank you for providing me with a copy of the revised pro-forma. Although the projections provide greater assurance to TBN and National Minority the issues raised by our independent IRS auditor still remain.

Our auditor has advised us not to invest in the project for several reasons. Of primary importance is the fact that what we originally believed would be a secured loan is an unsecured investment. Our auditor also objected to the fact that the investment of National would not be matched immediately by the SBA, but would be the only source of funds at the outset. Finally, he raised an issue with respect to the fact that the Board of Directors of Community Brace will not be controlled by representatives of National. Although the composition of the Board of Directors was known at the outset, the lack of control was not an issue until the requirements of the SBA were known.

The problem raised by all of these factors is that money originally raised for Christian television would become risk capital in an organization that is not controlled by either Trinity or National.

Our auditor has advised us to evaluate this project from the standpoint of a prudent investor. We originally felt that we could meet the prudent investor standard and at the same time provide funding for an extremely worthy project. The changes that we have learned of recently prohibit us from meeting the prudent investor standard and as a result our auditor has advised us in the strongest terms to abstain.

I am also concerned about the surplus earnings requirements that apply to California corporations that seek to retire outstanding stock.

The bottom line is that National Minority cannot be an investor in Community Brace. Our auditor originally gave us a

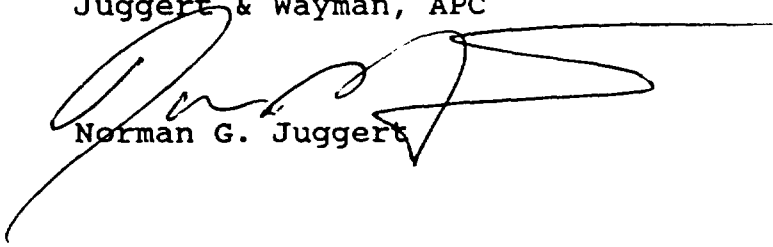
green light, but reversed his position once he learned that there would be a delay before SBA funds were received and that the funds would not be secured.

I hope you can appreciate the position we are in. The high profile of all Christian broadcasters makes it imperative that we adhere to the highest standards.

Warm personal regards.

Sincerely,

Juggert & Wayman, APC



Norman G. Juggert

Community Brace, Inc.
5109 Crenshaw Blvd.
Los Angeles, CA 90043
(213) 296-4160

December 30, 1992

Norman G. Juggert, Esq.
Jugert and Wayman, APC
Attorneys At Law
2845 Mesa Verde Drive East, Suite 4
Costa Mesa, California 92626

Attn: Norm G. Juggert

Re: Revised Pro-Forma and the SSBIC Agreement.

Dear Norm:

Thank you for responding to me prior to your trip to China. As of this date we have all discussed various issues raised by the formation of the Specialized Small Business Investment Company and the participation of TBN and National Minority T.V.

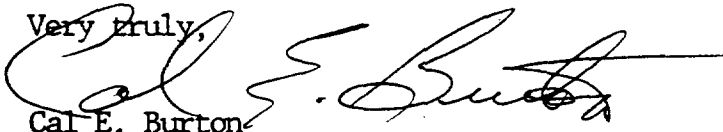
Since our first meeting, except for the meeting following announcement of the formation/application by our group for an SSBIC by the Presidential Task Force on Los Angeles Recovery; we have not all had an opportunity to resolve issues raised by your independent IRS auditor. The meeting I request, is on behalf of Rev. E. V. Hill and the inner city churches and congregations who will be the beneficiary of our business venture.

A review of your letter by us supports the fact that a face to face meeting is the best way to resolve the issues that still remain. To that end, I am requesting a meeting, as soon after the 5th of January 1993 as possible. The 7th or 8th of January 93, would be fine. Vern Claiborne, Len Patterson, C.P.A., Cal Burton and Rev. E. V. Hill will be attending on behalf of Community Brace.

As I have expressed before, without your help we would not have gotten this far. I feel after our meeting a clear understanding and strategy will evolve; which will ensure the current feeling of hope, evidenced by the reception of the African American community to the news of Rev. E. V. Hill's formation of an SSBIC; with the support of Trinity Broadcasting Network and National Minority T.V.

We appreciate the position you are in and know that you appreciate the position we are all in as Christians. The high visibility of all Christians, particularly Rev. E. V. Hill and Rev. Paul F. Crouch demands that the highest standards and commitment to the community be adhered to on the air waves and in business. We want to continue and expand the role of the church and Rev. Hill and Rev. Crouches' ministry to the community.

Very truly,



Cal E. Burton

cc: Rev. E. V. Hill
Terrence M. Hickey

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546-3600

January 6, 1993

Community Brace, Inc.
5109 Crenshaw Boulevard
Los Angeles, CA 90043

Attn: Cal E. Burton, President

Dear Cal:

I am in receipt of your letter dated December 30, 1992 in which you express a desire to schedule a meeting.

I am afraid that a meeting would not resolve the issues raised by our independent I.R.S. auditor, James Guinn. Mr. Guinn has a national reputation as an expert in matters relating to nonprofit corporations. National Minority and Trinity Broadcasting Network have maintained a sterling record of credibility with the I.R.S., as well as their donors by adhering to Mr. Guinn's recommendations.

I want to point out that at all times we have conditioned the participation of National Minority and/or Trinity Broadcasting Network upon the express approval of Mr. Guinn.

California Corporations Code Section 9241 provides that directors of nonprofit religious corporations are obligated to perform their duties "in good faith," in the "best interests of the corporation" and "with such care, including reasonable inquiry, as is appropriate under the circumstances." This same code section provides that directors may rely upon professional experts, including "independent accountants," such as Mr. Guinn.

Section 9250 specifically requires that such standards be met with respect to investments of religious corporations.

Other provisions allow directors to be sued by creditors, donors and the attorney general for acting in a manner contrary to the provision of the Corporations Code.

Nonprofit religious corporations are also subject to detailed limitations on self-dealing transactions. In my opinion, these limitations could have been met by National Minority if the original proposal was adhered to, i.e., a secured loan with a specific due date and a concurrent investment by the SBA. The new terms place Rev. Hill at risk under the self-dealing provisions of Section 9243 of the Corporations Code, which requires among other

Cal Burton
January 6, 1993
Page 2

conditions, that a transaction that benefits a director be "for the benefit of the religious organization" and that the terms of the transaction, be "fair and reasonable" as to the corporation.

I also want to point out that the pro-forma you have provided does not comply with the distribution limitations of Corporation Code Sections 500 and 501. I am enclosing a copy of the relevant code sections. If National Minority received payments contrary to such provisions, it would be subject to liability to other shareholders, as well as creditors of Community Brace.

The distilled essence of Mr. Guinn's counsel to us is that a prudent investor would not make the investment proposed. The directors of National Minority cannot risk donated funds that they hold as trustees in a manner that would be contrary to the standards applicable to a prudent investor acting for his own account.

We will be pleased to submit to Mr. Guinn any other information that you may wish to provide. At this time, we fail to see how a meeting would be profitable in that the issues he has raised remain unresolved.

Sincerely,

JUGGERT & WAYMAN, APC

By:

Norman G. Juggert

cc: Paul Crouch
Jane Duff
Rev. E.V. Hill

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

DOCKET FILE COPY ORIGINAL

IN REPLY REFER TO:

March 30, 1992

RECEIVED
APR 1 1992

National Minority TV, Inc.
c/o Colby M. May, Esquire
May & Dunne, Chartered
1000 Thomas Jefferson St., N.W.
Suite 520
Washington, D.C. 20007

COHEN & BERFIELD

Re: Station KNMT(TV)
Portland, OR

Dear Sir or Madam:

This letter concerns the Request for Declaratory Ruling filed by National Minority TV, Inc. (NMTV), the licensee of KNMT(TV)(formerly KTDZ-TV), Portland, Oregon, and numerous LPTV stations. Your request and petitions to deny filed by Glendale Broadcasting Company (Glendale) and Spanish American League Against Discrimination (SALAD) have raised questions pertaining to the control of NMTV by Paul Crouch (Crouch), Trinity Christian Center of Santa Ana, Inc., d/b/a Trinity Broadcasting Network (Trinity), or both. The Commission has made no determination in this matter. However, we request the following information pursuant to Section 73.1015 of the Commission's Rules, so that we may be more fully informed.

1. NMTV was incorporated on September 16, 1980, as Translator T.V., Inc. (TTV) in the State of California. Provide copies of all changes or amendments to the articles of incorporation and bylaws of TTV and NMTV subsequent to September 16, 1980.

2. Provide copies of all minutes of meetings of the boards of directors of TTV and NMTV.

3. List all bank accounts maintained by NMTV and KNMT(TV) since 1980. For each such account state:

- a. the account number;
- b. the institution where the account is maintained;
- c. who is authorized to sign checks or make withdrawals from the account; and
- d. when the account was opened, and if applicable, when the account was closed.

Federal Communications Commission

Docket No. 93-75 Exhibit No. 219 G-BC

Presented by Glenn D. Gable

Disposition

{ Identified 12.10.93
Received 12.10.93
Rejected _____

Reporter Glenn D. Gable

Date 12.10.93

when the account was closed.
For each such bank account, provide copies of all signature cards.

4. In connection with the acquisition of KNMT(TV), who originated the idea to acquire the station? How, and by whom, was the idea developed? Who negotiated the terms of the sales contract on behalf of NMTV and the seller, Greater Portland Broadcasting Corporation (GPBC)?

5. Describe the source(s) of all funds used by NMTV for the purchase of KNMT(TV) and the LPTV stations. Provide copies of all loan documents used in connection with the acquisition and operation of KNMT(TV) and the LPTV stations by NMTV.

6. Describe the financial relationship, if any, between Trinity and NMTV. Provide copies of all loans, security agreements, and financial arrangements between Trinity and NMTV.

7. Provide a copy of the commitment letter executed on December 7, 1990, between NMTV and The Bank of California for the amount of \$3,600,000 in connection with the proposed purchase of WTGI-TV, Wilmington, Delaware.

8. Provide a copy of all agreements existing between Trinity and NMTV for the carriage of Trinity programming on KNMT(TV) and the LPTV stations.

9. Do any consulting or management agreements exist between Trinity and NMTV? If so, provide copies.

10. Identify all current employees of NMTV and all employees of NMTV who have worked at KNMT(TV) and the LPTV stations since the stations were acquired by NMTV. For each employee identified provide the following information:

- a. name and address;
- b. position;
- c. date of hire;
- d. date of-Tire, if applicable;
- e. state who interviewed and hired the employee at NMTV;
- f. if the employee has received a raise in salary or wages or a bonus in the past three years state who decided what increase or bonus the employee should receive;
- g. if the employee receives any benefits in addition to a salary or wages state who decides, and how it is decided, what additional benefits an employee will receive; and
- h. state whether the employee has ever been employed by Trinity, and if so, when and in what position.

11. Describe the advertising rates for commercial spots that are sold on KNMT(TV). Who is responsible for setting advertising rates on KNMT(TV)?

12. Does KNMT(TV) have a policy on station trade-outs? If so, describe the trade-out policy. Who is responsible for establishing the station policy on trade-outs and how is that policy implemented?

13. Describe the type and amount of local programming produced by KNMT(TV) during 1991. Who is responsible for deciding, and how is it decided, what local programming will be produced?

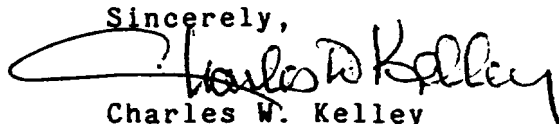
14. Provide copies of the NMTV employee handbook and the Trinity employee handbook.

15. Describe Crouch's involvement and role in the management of NMTV. This description should include his role in areas such as decisions to acquire or sell broadcast facilities, policy decisions affecting KNMT(TV), and day-to-day management decisions at KNMT(TV).

You may provide any additional information which you believe may be useful in helping the Commission to make a determination in this matter. In order to assist the Commission in its evaluation process, we direct you to respond with the information requested herein, within 30 calendar days from the date of this letter. Commission policy requires that responses to its inquiries be signed by the licensee or by an officer or director of the licensee corporation. Your response will be used to assist us in assessing whether any violation has occurred. Failure to respond to this letter within the 30-day period will result in a violation of Section 73.1015 of the Commission's Rules and a possible sanction. Glendale and SALAD should be served with your response and they will have 20 calendar days in which to comment on your response.

Please direct your response to: Larry A. Miller, Federal Communications Commission, 2025 M Street, N.W., Suite 7212, Washington, D.C. 20554.

Sincerely,


Charles W. Kelley
Chief, Enforcement Division
Mass Media Bureau

cc: Tyrone Brown, Esq.
Lewis I. Cohen, Esq.
David Honig, Esq.
Eduardo Pena, Esq.